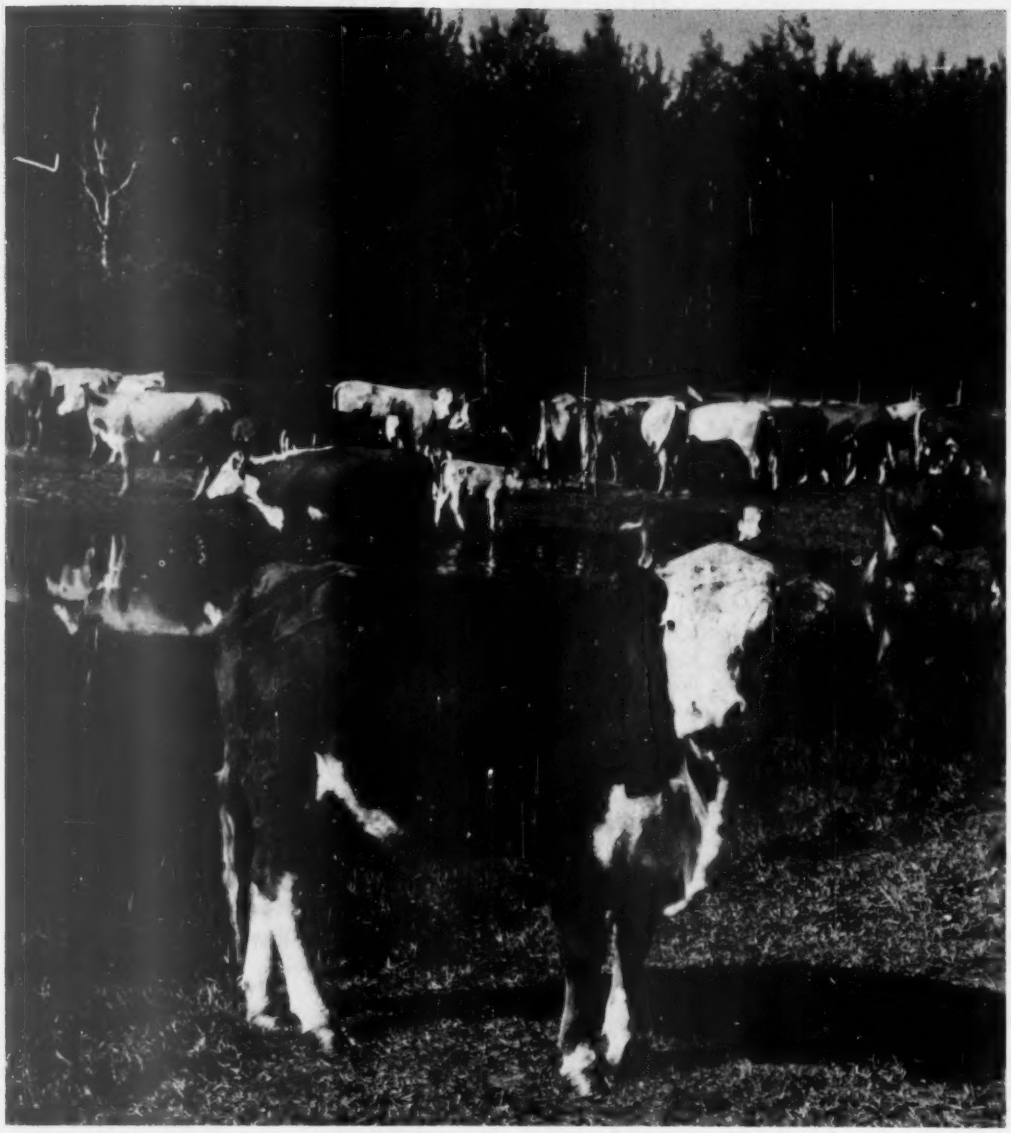
FOREIGN AGRICULTURE



December 10, 1973

U.S.-Canada Cattle and Meat Trade

West German Rice Market

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. XI • No. 50 • Dec. 10, 1973

In this issue:

2 U.S.-Canada Cattle Movements React Sharply to Policy Actions By W. Allan Anderson

5 Canada Crop Estimates

6 Shifts in West German Rice Use Shrink U.S. Share of Market By Paul Hess and Homer F. Walters

8 India's Food Requirements To Test Fertilizer Industry By D. R. Gulati

10 U.S. Tobacco Faces Altered Position in the U.K. Market By Kenneth E. Howland

12 Ecuadorian Poultry Firms Expand Output With U.S. Stock By Rosa E. Salazar

13 Crops and Markets

This week's cover:

Canadian cattle and calves range near Stoney Plane, Alberta. Canada's beef and veal production could decline to 1.95 billion pounds in 1973, owing to lower veal output, high feed prices, and booming feeder cattle exports to the United States. See article, this page.

Earl L. Butz, Secretary of Agriculture

Carroll G. Brunthaver, Assistant Secretary for International Affairs and Commodity Programs

David L. Hume, Administrator, Foreign Agricultural Service

Editorial Staff:
Kay Owsley Patterson, Editor
Patricia O. MacPherson, Mary Frances Owsley, G. H. Baker, Marcellus P. Murphy, Isabel A. Smith, Susan E. Atkins.

Advisory Board:
Kenneth F. McDaniel, Chairman; Gordon O. Fraser, Elmer W. Hallowell, William Horbaly, J. Don Looper, Larry B. Marton, Richard C. McArdle, Wayne W. Sharp.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

U.S.-Canada Cattle Movements React Sharply to Policy Actions

By W. ALLAN ANDERSON
Office of U.S. Agricultural Attaché
Ottawa

A DYNAMIC RISE in the number of Canadian cattle moving southward to U.S. feedlots and slaughterhouses—and thence as beef to U.S. supermarkets and dinner tables—occurred during the first 9 months of 1973.

Thereafter, the direction of trade largely reversed. Volume movements of U.S. slaughter cattle to Canadian markets during September and October caused Canada to impose a temporary surtax on live cattle and fresh beef imports on November 2. (See *Foreign Agriculture*, November 19.)

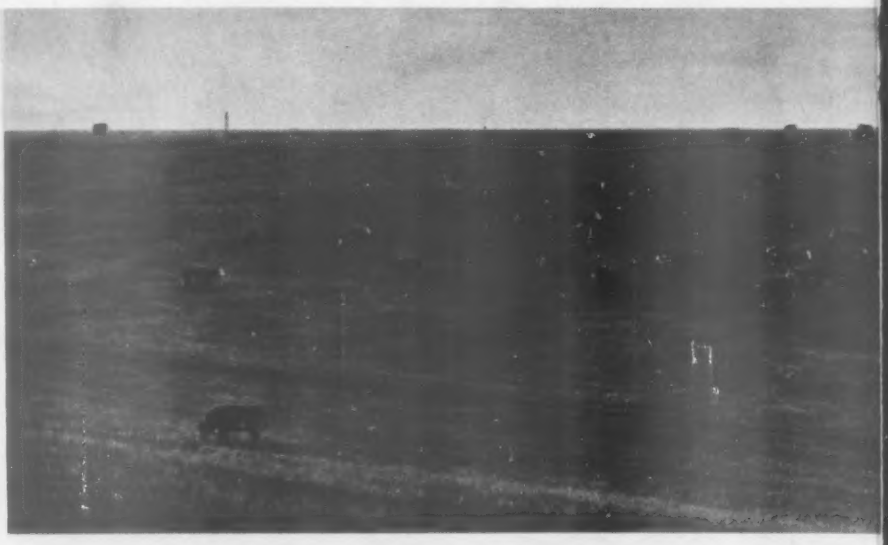
Throughout 1973, government policy actions—primarily designed to curb inflation—in both the United States and Canada have had a highly disruptive effect on the flow of cattle and beef between the two countries. Normally, Canada's cattle prices aline closely with U.S. prices, within a range set by transport and duty costs. A small price differential, such as that triggered by the U.S. price freeze or Canadian tariff actions, dramatically affects trade directions.

According to Agriculture Canada's *Livestock and Meat Trade Report*, Canadian slaughter and feeder cattle exports to the United States zoomed to 138,172 head by November 10, 1973, compared with only 20,576 head exported during the comparable period of 1972. A moderate rise in shipments of cattle for breeding also occurred during this period.

Feeder cattle exports to the United States—accounting for the bulk of the export advance—bounded to 121,468 animals during the 10½ months, as opposed to only 9,916 shipped in these months of last year, although slaughter cattle sales also more than doubled.

Partly because of advancing feeder cattle exports—totals could reach 150,000-175,000 head for all of 1973—Canadian beef and veal production could decline slightly this year, compared with that of 1972. High feed prices may also contribute to the decline, as could lower veal output, as farmers strive to expand herds by holding calves off the market.

Canadian cattle and calf slaughter in 1972, totaling some 4 million head, was slightly below 1971 slaughter. Since slaughter for beef increased, declining



calf slaughter caused the drop, indicating that farmers who previously marketed their dairy calves as veal were holding them for beef production. By the end of July 1973, calf slaughter in federally inspected plants had declined 32 percent, compared with the same period of 1972.

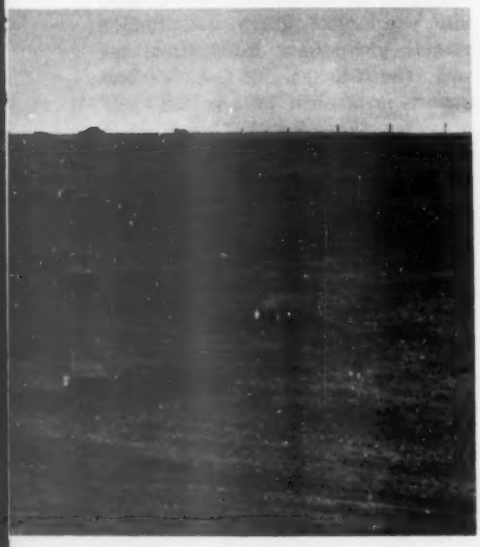
Canada's total production of beef and veal is expected to edge downward in 1973 to total about 1.95 billion pounds, as a result of lowered veal output, high feed prices, and booming feeder cattle exports. Unless these market influences ease somewhat, authorities have suggested that 1974 production may continue the slight downward trend.

Reduced availability and higher retail prices for beef have triggered a slump in Canadian per capita beef and veal consumption. Rising by over 3 pounds to 95.6 pounds in 1972, compared with the previous year, per capita consumption of beef and veal is forecast to drop to 93 pounds per person this year.

Total Canadian consumption of beef and veal in 1973 is estimated at 2.06 billion pounds—a slight decline from 1972's total of 2.08 billion pounds.

In an effort to stabilize rising beef prices and boost meat supplies, Canada suspended duties on imports of live cattle and beef on February 20, 1973. Duties were reimposed on September 21, however, because movements of U.S. slaughter cattle to Canada during August, September, and October were considered too high.

During the first half of 1973, Canada's live animal imports were little



Aberdeen Angus cow with calf reflects Canadian livestock producers' efforts to expand herds. Actions to curb inflation and maintain meat supplies in both the United States and Canada have sharply disrupted normal trade in cattle and beef this year, with price changes dramatically reversing trade flow.

CANADIANS TO EAT MORE MEAT, FEWER EGGS

By 1980, Canadian per capita consumption of all kinds of meat is projected to be higher than in 1972, but per capita consumption of eggs and milk could decrease, according to W. E. Jarvis, Assistant Deputy Minister of the Canadian Department of Agriculture, speaking at the World Grain Seminar in Winnipeg in late October.

Per person beef consumption is projected to increase 21.3 percent, pork 12.3 percent, and poultry 27.8 percent, Jarvis said. While Canada's population growth rates appear to be slowing, recent projections indicate that population will be 24.6 million by 1980—11.7 percent higher than 1972's.

Based on these figures, Jarvis continued, total Canadian consumption of beef in 1980 is projected to reach 2,755 million pounds; pork 1,685 million pounds; and poultry 1,424 million pounds. When other meat products—veal, lamb and mutton, offals, and canned meat—are taken into account, total meat consumption is projected to approach 6.3 billion pounds by 1980—an increase of about 34 percent over 1972's total of 4.7 billion pounds.

One of the many opportunities facing Canadian livestock farmers is to produce sufficient meat to satisfy what appears, at this point, to be a strongly growing consumer demand for meat in the Canadian market, Jarvis said. One of the challenges facing Canadian consumers is to ensure that the Nation's livestock farmers receive adequate returns for their efforts. Export market opportunities are, of course, also growing.

If Canadian famers are to produce enough beef to satisfy projected domestic demand for beef in 1980, he indicated, the beef cow herd will need to increase from 3.7 million head in 1972 to about 5 million head in 1980—an increase of 35 percent. If some dairy herds are shifted to beef production or cattle are marketed at heavier weights, the beef cow herd increase could be slightly lower. A limiting factor for beef may be the availability of forage.

If farmers are to produce sufficient pork to meet projected 1980 domestic demand, hog slaughterings (as measured by hog carcasses graded) will need to increase from 9.4 million head in 1972 to about 11.7 million head in 1980 —an increase of about 24.5 percent.

To meet projected domestic demand for poultry meat, birds raised by 1980 will have to increase 43.6 percent over the 1972 level.

Moreover, Jarvis asserted, if livestock production increases to meet forecast demand for meat production, domestic demand for grains and oilseeds is likely to be strongest in this sector. If the mix of grains and oilseeds fed in 1980 is similar to the 1973-74 mix, about 1.1 billion bushels would be required for livestock feeding in 1980, compared with about 900 million in 1973-74.

Canadian consumer ponders the high price of beef—a scene common to food shoppers in many countries this year.

changed, compared with first-half 1972, and imports of U.S. slaughter cattle fell well below 1972 levels. From August and to mid-November, however, imports of U.S. slaughter cattle pushed cumulative imports to 160,551 head, compared with 33,942 head for the same period of 1972. On November 2, Canada ordered the immediate imposition of a temporary import surtax on live cattle and fresh beef. This surtax amounts to 3 cents per pound on live cattle and 6 cents per pound on fresh beef and raises current duties to 4.5 cents and 9 cents, respectively.

In announcing the measure, the Canadian Government indicated that the action was necessary to provide Canadian cattlemen with sufficient assurances of adequate market returns to forestall cutbacks in local feedlot operations.

MOST OF THE CATTLE imported from the United States were fatter than desirable for maximum returns under the Canadian grading system. The percentage of A3 and A4 carcasses—grades for fatter cattle—increased to 16-20 percent of weekly slaughter, compared with about a usual 12 percent. Although some packers were sending buyers directly to U.S. feedlots to purchase cattle suitable for leaner Canadian grade, this accounted for a small percentage of total movement.

Imports of purebred cattle, excluding dairy animals, rocketed to 5,658 head in the first 6 months of 1973, compared to only 2,927 in these months of 1972 and were largely from the United States. Moreover, cattle entered Canada from Australia for the first time this year under Canada's quarantine station import program, whereby cattle from countries free of foot-and-mouth disease are quarantined for 30 days and then shipped directly to Western Canadian cattle breeders.

Permits have also been granted for importing 867 cattle from Austria, France, Germany, Italy, and Switzerland this year through maximum security quarantine stations. The first two shipments will arrive this fall and the third in the spring of 1974. This program is designed to introduce genetic variability into Canadian beef breeds.

Canadian cattle prices, which usually reflect U.S. trends, increased sharply this year, compared with 1972 levels, peaking at an alltime high during the second week of August. At that time, A-1 slaughter steer prices ranged from Can$58 to $62[1] per hundredweight at Toronto, but declined to Can$47.50-49.50 on September 20.

Wholesale dressed meat prices increased proportionately to live animal prices. The average price in Ontario for A-1 steer carcasses and sides on September 13 was Can$88.65 per hundredweight. Canadian prices are expected to remain firm at present levels throughout 1973, with the effect of U.S. market trends on prices slightly reduced by reimposition of beef and live cattle tariffs.

The United States remains Canada's major market for beef and veal this year, taking about 87 percent of beef exports, which include a much higher proportion of carcass beef than in 1972. Although beef and veal exports to the United States through June 1973, at 36.4 million pounds, were 22 percent below the same period of 1972, exports expanded dramatically during August to bring cumulative exports to a level slightly above the same months of 1972. The increase resulted from short-term supply imbalances caused by U.S. beef price ceilings.

Because of pressures exerted on Canadian meat prices and supplies by the U.S. meat price freeze, which extended through September 9, temporary export controls were imposed on Canada's beef and pork exports on August 13. An immediate effect was the closing of all Western stockyards for that day. However, the effect of the controls was minimal, since the Canadian rail strike prevented movements from Western Canada to Ontario and Quebec, and therefore to U.S. markets, and the controls were removed on September 15.

DURING THE PERIOD of controls, Canada exported about 12.8 million pounds of beef, compared to 5.8 million during the same period in 1972. Beef, pork, and livestock presently move under the authority of two general export permits, which can be used by Canada's Minister of Industry, Trade, and Commerce to reimpose export licensing regulations if considered necessary.

Total exports of beef and veal throughout 1973 are estimated at approximately 80 million pounds—a decline from the 1972 total of 91.9 million pounds.

Imports of beef and veal into Canada this year could reach 200 million pounds, a 6-percent decline from last year. The U.S. share of Canada's beef imports in first-half 1973 gained to 28 percent, compared with 22 percent in the same period of 1972, partly as a result of strong demand for high quality beef.

Exports of beef to Canada from Australia and New Zealand declined during these months, however, because of an inability to supply adequate quantities of manufacturing beef at prices competitive with domestic supplies. Beef producers in Western Canada are presently endeavoring to increase the use of Canadian beef in Eastern Canada's hotel, restaurant, and institutional trade—a market now largely supplied by the United States.

[1] US$1 = Can$1.002.

Canada Crop Estimates: Wheat Up; Feedgrains Down; Oilseeds Steady

WHEAT CROP UP; feedgrains down, oilseed production steady. That's the official word from *Statistics Canada* in mid-November on principal crop estimates.

Wheat, the leader, is headed for a strong 628.7-million-bushel 1973 total. This estimate thus places total wheat production substantially ahead of both the 1972 crop of 533.3 million bushels and of the 10-year average of 614.2 million bushels.

Aside from wheat, Ottawa now estimates higher 1973 output for 12 of the 21 crops on which the Canadian Government keeps records.

Government economists attribute this year's higher wheat production to two factors—a 2-percent increase in yields, and a 16-percent increase in seeded acreage. The 1973 average yield—25.4 bushels per acre—is 7 percent above the 10-year (1962-71) average of 23.8 bushels per acre.

The 1973 all-Canada crop of spring wheat, including Durum, is now estimated at 613.9 million bushels, compared with the 1972 crop of 517.4 million and the 10-year average of 598.8 million bushels. The 1973 acreage in Durum in the Prairie Provinces is 19 percent below the 1972 total, and average yields, estimated at 22.7 bushels per acre, are 3 percent below the 1972 figure of 23.3 bushels. The total estimate is now 57.8 million bushels, compared with the 1972 crop of 73.5 million. Production in Manitoba is estimated at 2.4 million bushels, in Saskatchewan, 50, and Alberta, 5.4.

The winter wheat crop in Ontario is now estimated at 14.8 million bushels, down by 7 percent from the previous crop of 15.9 million bushels. In the Prairie Provinces, the 1973 wheat crop is forecast at 609 million bushels, which is 96 million bushels, or 19 percent, above the 1972 crop of 513 million bushels. In Saskatchewan, where 63 percent of this year's all-Canada wheat crop is grown, production is estimated at 395 million bushels—a strong 21 percent above the 1972 figure of 326 million bushels. Alberta is up by 14 percent from the previous level with 134 million bushels, and the Manitoba crop of 80 million bushels is 16 percent above the 1972 total.

The anticipated average wheat yield per seeded acre in the Prairie Provinces is 25.2 bushels, with Manitoba averaging 25.8, Saskatchewan 24.4, and Alberta 27.3 bushels. The estimates for the Prairie Provinces include relatively small quantities of winter wheat—principally in Alberta—and an estimated 57.8 million bushels of Durum.

Corn production is likely to add up to a strong 108.9 million bushels, compared with 99.5 million bushels in 1972. Average yield per acre rose substantially —84.7 bushels per acre, compared with only 75 bushels in 1972 and a 10-year average of 80.6 bushels. Except for 7,011,000 bushels grown in Quebec and 880,000 bushels in Manitoba plus small quantities produced elsewhere for which estimates are not available, all the 1973 crop of corn for grain was grown in Ontario.

Barley production fell sharply in 1973. Total output is now estimated at 474.6 million bushels, compared with last year's 518.3 million bushels, but far ahead of the 10-year average of 303 million bushels. Average yield per acre of barley in 1973 is 39.7 bushels, compared with the 1972 average yield of 41.4 bushels and the 10-year average of 37.5 bushels.

RYE OUTPUT IS moving ahead of 1972 production. Combined fall and spring rye totals are estimated at 14.3 million bushels, about 6 percent above the 1972 crop of 13.5 million bushels, but 7 percent below the 10-year average of 15.4 million bushels. But average yields are up this year—22.5 bushels per acre, which is 6 percent above the 1972 average of 21.3 bushels and 10 percent above the 10-year average of 20.4 bushels per acre.

A strong comeback is anticipated in the 1973 production of oats for grain. Total output is estimated at 326.9 million bushels, 9 percent above the 1972 crop of 300.2 million bushels but still far below the 1962-71 average of 378.6 million. For Canada as a whole, the average yield is 48.8 bushels per acre, compared with 49.2 bushels in 1972 and the 10-year average of 47.3 bushels of oats for grain.

Production in the Prairie Provinces is estimated at 273 million bushels. In Manitoba, production shapes up at 63 million bushels, compared with 55 million in 1972 but below the 10-year average of 70.7 million bushels. Saskatchewan production is headed toward the 99-million-bushel mark, which is 25 percent ahead of the 1972 total of 79 million bushels and 9 percent above the 10-year average of 90.7 million bushels.

In Alberta, the estimated crop of 111 million bushels is 7 percent larger than the 1972 crop of 104 million bushels and 9 percent higher than the 10-year average of 102.1 million bushels. Ontario yield is estimated at 47.4 million bushels, and production is estimated at 25.6 million bushels.

AMONG OILSEED crops, soybean production moved briskly in 1973 to an indicated 14.6 million bushels—a strong 6 percent ahead of the 1972 level of 13.8 million bushels. Rapeseed, the volume leader among Canadian oilseeds, is headed toward an estimated 53.2 million bushels, down somewhat from the 57.3 million crop harvested in 1972 but far ahead of the 10-year average of 32.1 million bushels.

Flaxseed production, expected to total 19.4 million bushels, is 10 percent ahead of the 1972 figure of 17.6 million bushels, but is 18 percent below the 1962-71 average of 23.7 million bushels.

Sunflower plantings, down sharply from the 1972 total, yielded but 90.9 million pounds, which is 47 percent below the 170 million pounds harvested in 1972 but still far ahead of the 10-year average of 48.9 million pounds.

Most of the 1973 Prairie grain and oilseed crops had been harvested by late October. About 35 percent of the crop in Northern Alberta was still unharvested at that time. In Manitoba, harvesting was virtually complete. Saskatchewan yields were higher than in 1972, but weather cut the quality of wheat in wet areas. Alberta yields were lower than in 1972. Quality was higher in southern areas than in the north. Quebec harvests were delayed by rain over much of the grain area.

In Ontario, generally favorable harvest conditions prevailed, although yields were down somewhat from earlier estimates. In the Maritime Provinces, wet weather affected all crops, and grain yields were not well filled.

Shifts in West German Rice Use Shrink U.S. Share of Market

By PAUL HESS
Office of U.S. Agricultural Attaché
and HOMER F. WALTERS
Assistant U.S. Agricultural Attaché
Bonn

WEST GERMANY'S rice market—big, competitive, and dominated until recently by U.S. rice—is slipping steadily away from U.S. suppliers, pressured down by a number of changing market forces. Prominent among these are the altered makeup of West Germany's rice imports, competition from other suppliers for this important hard currency market, domestic milling industry changes that mirror consumer desires and affluence, and, not least, European Community (EC) pricing policies.

From a peak of 68,400 tons in 1968, West German imports of U.S. brown (unmilled) rice—the type traditionally supplied by the United States—plunged sharply to 38,900 tons in 1972 and values fell correspondingly—from $13.6 million to $7.5 million.

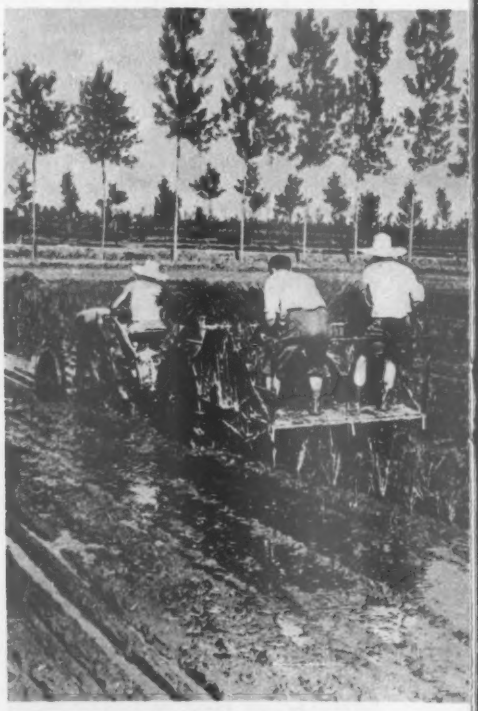
In 1972, U.S. brown rice sales to West Germany dropped to a 46.3-percent share, compared with a 57.3-percent share in 1968, of a market that itself has declined considerably in favor of imports of milled and broken rice. Despite Germany's progressive shift away from brown rice imports, the United States still supplied over half of the brown rice market until 1970. But by 1972, the once-strong U.S. share had fallen well below half of a market that had been cut almost in half.

The trend toward less brown rice, in favor of milled and brokens, began after 1966—a year in which brown accounted for over 80 percent of all West Germany's rice imports. By 1972, brown rice imports had fallen to only 54 percent of the market—83,900 tons of the total 156,000 tons imported. Moving in to fill the gap, milled rice imports in 1972 rose to over 40,000 tons and brokens to more than 30,000, accounting for 26 and 20 percent of the market, respectively.

The high quality of U.S. long grain rice has long matched German consumer preferences, in spite of EC efforts to promote Community-produced round grain. About 70 percent of all rice consumed in West Germany is long grain. But in recent years, other origins have offered qualities that cut deeply into the U.S. market share.

Argentina, Uruguay, and Thailand have been leading U.S. competitors in the important West German market, largely because of price advantage, although rice quality is generally lower. In brown rice alone in 1971 and 1972, these three countries increased their share of the German market to over 25 percent, from only about 5 percent in 1969 and 1970. Frequently, U.S. competitors can reduce the price of their rice to the point where importers can risk some sales losses from selling lower quality rice, yet still achieve higher profits than would result from sale of U.S. rice.

High world rice prices during the 1972-73 marketing year have further increased the attractiveness of other suppliers. The West German trend toward purchasing brokens—a very small share of U.S. sales—has benefited producers in Argentina, Burma, Thailand, and Egypt. Milled and half-milled rice has been generally available from rice-



A display sponsored by the U.S. Rice Council for Market Development in a West German market, left, promotes U.S. long grain rice. The U.S. share of this important market is declining, however, due in part to competition from other origins, including Italian round grain rice, shown being transplanted, above.

producing countries in the EC, notably Italy, under prices regulated by the Common Agricultural Policy (CAP).

Italian rice, stimulated by EC pricing policies, has made strong inroads into the West German market. Italian losses in paddy and brown rice volume this season have been more than compensated by German imports of their milled rice. From an average of 4,000 tons of milled rice exported in 1967 and 1968, Italy's sales to West Germany exceeded 24,000 tons in 1971 and 1972—a 60 percent market share.

Attempts throughout the EC to produce a long grain rice similar in quality to U.S. rice have not been successful, although research continues. Italy and France are the only EC producers, harvesting a medium- to round-grain product. West Germany, with no rice production of its own and under the pressure of the rice CAP, has turned to Italy for most of its round rice needs.

Of some consolation to U.S. exporters are the large quantities of milled rice that West Germany imported from Belgium last year, reported to be of U.S. origin. In 1972, these imports amounted to a sizable 11,300 tons.

Asian rice shortfalls, partly offset by higher production elsewhere, were instrumental in forcing world rice prices skyward in 1972-73. As a result, c.i.f. offering prices for rice in February 1973 reached a level that surpassed even EC threshold prices, and levies were no longer assessed. Previously, EC levies for long grain, brown rice from third country suppliers were some $70 lower than those for fully milled long grain rice—a protection that discouraged long grain milled imports so that EC mills were utilized to capacity.

In an attempt to curb rising prices, the EC Commission suspended rice exports to third countries on May 26, 1973. This measure isolates the Community from the impact of world needs that could have pulled down remaining stocks.

Domestic retail prices, especially compared to other foodgrains, are an important factor in shaping demand for rice in West Germany. Since all competing grains, both raw and processed, are subject to the insulating levies of the CAP, German consumer price rises usually reflect only domestic inflation. In rice, as with other products, consumers are effectively insulated from world market prices.

At present, packaged long grain rice is relatively high priced, compared with other food staples. Using 1962 as a base of 100, the price index for packaged rice rose to 170 in May 1973, compared to 159 in May 1972. For other staples, consumer price indices in May 1973 were: Wheat flour, 113; semolina, 146; lentils, 109; and oat meal, 134. Only white bread prices outpaced rice—registering 175.

A COMMON TENDENCY in West Germany, as in the United States, has been for consumers to increase purchases of laborsaving products. Thus, consumer preference for rice packaged in plastic cooking bags has risen. Prices are naturally higher, with rice in plastic cooking bags costing about 40 percent more than long grain rice normally packaged.

At the vortex of these changes in rice trading is the German rice milling industry. Unlike processors of most other basic foods and feeds, the industry usually functions as both importer and exporter. There are eight rice mills in the Federal Republic; with the largest five accounting for more than 80 percent of milling capacity. Located at ports and along the major waterways, the mills have rapid, relatively cheap transportation to large consumption centers and foreign markets. With only two exceptions the mills are German owned and operated. One of these mills is a subsidiary of a major U.S. breakfast cereal manufacturer.

Rice milling is not new to Germany. In 1913, for example, 184,000 tons were processed and exported. In the mid-1920's, average annual exports totaled 163,000 tons. Subsequently, business declined as traditional German markets turned to other sources or developed their own milling industries.

German mills were destroyed during World War II. They were rebuilt and are considered generally modern and efficient, even if somewhat over-capacitied. West Germany's newest rice mill is only a year old and features the latest in Japanese milling equipment.

WEST GERMANY: IMPORTS OF RICE BY TYPE AND COUNTRY
[In metric tons]

Country	1969	1970	1971	1972	Jan.-July 1973
Cargo including paddy:					
United States	61,087	51,949	46,788	38,902	31,485
Italy	5,005	4,267	5,979	4,682	1,813
Surinam	8,821	9,615	13,349	8,932	7,912
Argentina	1,772	4,703	20,861	9,058	3,574
Uruguay	—	1,175	1,985	7,497	7,087
Egypt	21,728	12,434	—	—	4,426
People's Republic of China	5,367	1,769	2,648	6,831	1,143
Thailand	2,095	1,338	1,717	6,706	12,424
Others	92	8,250	338	1,346	1,805
Total	105,967	95,500	93,665	83,954	71,669
U.S. share (percent)	57.6	54.4	50.0	46.3	43.9
Milled including half milled:					
United States	1,408	898	562	595	122
Italy	13,370	13,617	24,126	24,697	8,967
Belgium-Luxembourg	7,546	7,725	9,790	11,306	6,554
Netherlands	1,703	1,766	2,135	1,517	788
Others	429	1,881	4,286	3,265	5,971
Total	24,456	25,887	40,899	41,380	22,402
U.S. share (percent)	5.8	3.5	1.4	1.4	0.5
Brokens:					
United States	2,788	3,325	2,073	559	2,718
Italy	696	586	377	1,451	1,657
Argentina	2,634	6,527	4,786	2,879	611
Burma	—	21,718	35,238	13,313	3,461
Thailand	200	900	728	4,693	383
Egypt	—	—	1,277	3,312	—
Others	3,063	16,029	2,827	5,266	4,892
Total	9,381	49,085	47,306	31,293	13,722
U.S. share (percent)	29.7	6.8	4.4	1.8	19.8
Grand total	139,804	170,472	181,870	156,627	107,793
Total United States	65,283	56,172	49,423	40,056	34,325
U.S. share (percent)	46.7	33.0	27.2	25.6	31.8

Based on official West German statistics.

India's Food Requirements To Test Fertilizer Industry

By D. R. Gulati
Office of U.S. Agricultural Attaché
New Delhi

INDIA'S POLICY IS to achieve self-sufficiency in grain production. As a result, farmers are placing a heavier demand on the domestic fertilizer industry which, although it is steadily increasing its output, is unable to keep up with requirements.

Plans have been made to up the fertilizer industry's production capacity in the years ahead, but planners realize that foreign assistance will be required. Sources of technical advice and equipment will have to be found abroad, and already the Government is studying some proposals.

Having been cultivated for centuries, India's fields require a more concentrated nutrient source than barnyard manure which, to some extent, checks further depletion of soil elements, but is too weak to rebuild fertility to earlier levels. Also, India's rainfall is mostly concentrated in the monsoon season and much of the precipitation streams across the land's surface, carrying away with it valuable plant nutrients. Thus, low soil fertility, inadequate supplies of chemical fertilizers, underutilization of water during the monsoon, and too little stored water later in the year are major deterrents to increasing India's agricultural production.

However, the crucial role of fertilizers in upping agricultural output has been recognized in India for a long time. The Royal Commission on Agriculture stressed their use as far back as 1928, but applications until 1942 were largely limited to crops such as tea, sugarcane, and coffee.

Reliable data on India's fertilizer supply and utilization began with those of 1946-47, which noted some 35,000 tons of nitrogen (N), 4,400 tons of phosphate (P_2O_5), and 1,800 tons of potash (K_2O) were available in the country.

Indian farmer applying fertilizer to his field by broadcast method.

During the early and mid-sixties, with the initiation of Government programs promoting intensive agricultural districts, high-yielding varieties, and multicropping, emphasis was put on use of fertilizer as one of the most important components of "packages" of improved farm practices.

By the end of the Third 5-Year Plan in 1965-66, total NPK (nitrogen/phosphate/potash) use in India had increased to a level about 10 times as high as that at the beginning of the First 5-Year Plan in 1951-52.

During the last 5 years, consumption of fertilizer in India has continued to rise, although the growth rate varies from year to year. In 1968-69, fertilizer use at 1.7 million metric tons was 43.6 percent higher than the previous year. Consumption rose to 2.7 million tons in 1972-73, but the rate of growth was just 2.6 percent higher than a year earlier.

THE 1972-73 DROUGHT somewhat reduced fertilizer requirements for that year, but even these, which were substantially short of the target set by the Fourth 5-Year Plan, were not fully met. Current indications are that consumption in 1973-74, the final year of the Fourth Plan, will be less than in the preceding 2 years. Low consumption, however, reflects an inadequate avail-

INDIA'S PRODUCTION, IMPORTS AND CONSUMPTION OF FERTILIZERS
[In thousands of metric tons]

Year[1]	Production[2]	Imports	Consumption[3]
1952-53	61	48	66
1953-54	67	27	105
1954-55	83	31	121
1955-56	89	64	131
1956-57	96	72	154
1957-58	107	123	184
1958-59	112	120	224
1959-60	135	179	305
1960-61	166	197	294
1961-62	220	174	383
1962-63	282	282	478
1963-64	327	274	574
1964-65	374	326	653
1965-66	357	492	757
1966-67	455	847	1,203
1967-68	610	1,623	1,166
1968-69	776	1,036	1,675
1969-70	954	762	1,988
1970-71	1,061	633	2,176
1971-72	1,240	971	2,628
1972-73[4]	1,383	1,218	2,697
1973-74[5]	1,400	1,000	2,500

[1] Beginning April 1. [2] No potassic fertilizers are produced in India. [3] Prior to 1967-68, consumption figures were unavailable. Therefore, distribution figures for the years 1952-53 to 1966-67 are assumed to be consumption figures. [4] Figures for 1972-73 are subject to revision. [5] Figures for 1973-74 are from the Fertilizer Association of India, New Delhi.

ability of fertilizers, not an inability to utilize them.

In terms of total quantity, India is the world's seventh largest fertilizer consuming country. However, India's use of plant nutrients per acre of cropland is still among the lowest. There is also considerable imbalance in the use of nitrogen, phosphates, and potash in the country as a whole.

Consumption of nitrogen is higher in relation to need than that of phosphates and potash, generally because of greater availability of nitrogenous fertilizers and the speed with which its effects can be seen on most crops. However, this "overuse" of nitrogen has magnified the widespread deficiency of phosphate and potash in Indian soils and inhibited production.

Micronutrient shortages have also been noted where high-yielding varieties of wheat and rice are grown, the most conspicuous being deficiencies of zinc, boron, manganese, sulfur, and copper. Now that farmers are developing a keener appreciation of balanced fertilizers, micronutrient problems are expected to receive more attention in future years.

India began to manufacture chemical fertilizers in 1906, initially single superphosphate. Ammonium sulphate was produced on a commercial scale in 1947 and NPK complex fertilizers followed in 1971-72. But because no commercial sources of raw materials have been found for use in manufacturing potassic fertilizers, all such nutrients must be imported into India.

At the present time, the industry has developed to a point where its output is a major factor in India's economic growth. However, the industry's production progress, although noteworthy, is small compared with that required to meet India's goal of self-sufficiency in nitrogenous fertilizer set for 1974-75.

Commissioning of some new plants, such as those at Durgapur and Cochin, representing the first major effort to adapt the fertilizer industry to India's peculiar needs, has been delayed because of the shortage of essential factory components.

Total fertilizer production in 1972-73 has increased to a level about four times that of the mid-1960's. Of the nitrogenous fertilizers produced in 1972-73, 62 percent was urea—indicative of the trend toward those having a high nutrient content in relation to bulk, thereby reducing packing, storage, and distribution costs.

Output of nitrogenous and phosphatic fertilizers continues to lag behind national requirements and the production targets set by the Fourth 5-Year Plan. Delays in building new plants, frequent electric shortages, and labor unrest in some existing plants have contributed to reduced fertilizer production in recent years.

Although installed capacity of domestic fertilizer plants increases annually, the shortfall in domestic production is likely to continue through the Fifth 5-Year Plan which ends in 1978-79, requiring sizable imports to make up the difference.

Although slackening off in some years, India's fertilizer imports have risen from 48,000 metric tons in 1952-53 to 1.2 million tons in 1972-73. They were expected to rise in 1973-74 but the current world shortage has reduced availability.

INDIA'S RECENT efforts to import fertilizers from the Soviet Union and other East European countries, to be paid for with rupees under contracts entered into some time ago, have failed because of the worldwide fertilizer shortage and soaring prices.

India is now trying to import more fertilizer from hard currency sources to meet needs of the 1973-74 crop year. While such imports would cause a heavy drain on India's foreign exchange resources, the alternative would be to spend larger sums of hard currencies for imports of food commodities.

India's consumption needs set for the end of the Fifth 5-Year Plan in 1978-79 are estimated at a minimum of 4.3 million tons of nitrogen, 1.6 million of phosphate, and 800,000 of potash. As of April 1, 1973, plants having a production capacity of 1.5 million tons of nitrogen and 500,000 of phosphate were operating in India.

To meet the projected requirements of the Fifth Plan, existing installations must be increased almost threefold. A jump of this magnitude would require an expenditure of about $2 billion, including about $800 million in foreign exchange. In addition, infrastructure facilities must be improved, particularly those for the delivery of electricity.

Some of these improvements can only be made if foreign loans or grants are made to permit the importation of sophisticated machinery or parts not available in India, or which cannot be built in time to meet Plan deadlines. Some of the offers now being considered by the Indian Government may make such assistance available.

Belgians: Top Eaters In European Community

A review of diets within the European Community during 1969-70, published recently in a monthly Belgian food magazine, shows the Belgians were the best fed Community members, while the French ranked second.

With an average intake of 3,330 calories per day, the Belgians led the French who had 3,270 calories. In declining order were the Dutch with 3,220 calories, the Germans, 3,170; and the Italians, 3,020.

The Belgians were cited as the largest per capita annual consumers of potatoes (258 lb.), second largest eaters of cereals (174 lb.), third largest users of meat and milk (154 lb. and 114 qt., respectively) and the fifth largest drinkers of wine (13 qt.).

The Italians were by far the largest consumers of cereals (279 lb. per year) and the French, the greatest eaters of meat (191 lb. annually).

The Dutch were the greatest milk drinkers in 1969-70, followed by the French, the Germans, and the Italians. The Italians drank the most wines, succeeded by the French, the Luxembourgers, the Germans, and finally the Dutch.

U.S. Tobacco Faces Altered Position in the U.K. Market

By KENNETH E. HOWLAND
Tobacco Division
Foreign Agricultural Service

LONG-TERM ECONOMIC factors in addition to those posed by the European Community (EC) are gradually eroding the United Kingdom's position as the No. 1 U.S. export market for unmanufactured tobacco, principally high-quality flue-cured cigarette leaf.

Despite this outlook, U.S. exports to the United Kingdom in 1972 were up 28 percent over 1971, and totaled 115 million pounds valued at $132 million. This represented about 20 percent of total U.S. tobacco exports. So far, 1973 has been another good year when U.S. exports to the United Kingdom may approach, if not exceed, the 1972 level.

The recent upturn, however, does not necessarily signal a reversal of the gradual decline in the U.S. share of the British market—85 percent in 1946 to about 40 percent by 1972. Exports for 1972 and 1973 have been distorted by a combination of events: A U.S. dock strike; a recovery in British cigarette consumption following an anti-smoking campaign; a rebuilding of stocks which were low in anticipation of a possible Rhodesian settlement; a frost-reduced Canadian crop (Britain's No. 2 source); drought-stricken African crops; and U.S. dollar revaluation.

Even without EC membership for the United Kingdom, steadily rising prices for U.S. leaf, greater availability of cheaper tobacco, primarily from preference sources, and continuing strictures on British incomes point to a decline in the U.S. share of the U.K. market.

U.K. accession to the EC introduces a number of factors which could perhaps irreversibly alter the character of the British market and seriously affect the competitive position of U.S. tobacco in that market. By the end of the transition period in 1978, EC tobacco policies—primarily the common external tariff (CXT) on tobacco and an ad valorem tax—will have raised the cost of U.S. tobacco to British cigarette manufacturers. Also an extension of duty-free preference to competing tobacco producers, and the Common Agricultural Policy (CAP) for tobacco —unless changed or deferred—are likely to widen the already appreciable price gap between U.S. and competing tobaccos, and bring about imports of types and qualities of tobaccos not previously used in British cigarettes.

It is not possible to accurately predict the speed or degree to which EC policies will affect the British tobacco market. Although the technical details of transition are known, such as tariff alinement and preference adjustments, many unknowns remain. For example, still undetermined are the final ad valorem/specific excise tax combination, the common value-added-tax (VAT) rate and renegotiation of EC preferential agreements with tobacco producing countries.

Perhaps even more critical to the analysis are the interlocking questions of future supply, demand, and price relationships for tobacco in the world market; production responses in the EC and preferential suppliers; currency parities; possibilities for internally or externally inspired changes in EC tobacco policies; the status of trade sanctions for Rhodesia; and perhaps the key indeterminate of all—the British smokers' tastes.

A comparison of the United Kingdom's preaccession tariff, tax, and preference structure, with that which the United Kingdom will adopt during transition, nevertheless, gives an indication of the potential impact of EC tobacco policies on the price and demand relationship between U.S. and various competing tobaccos in the British market.

TARIFF ALINEMENT. In March 1973, the United Kingdom declared its most-favored-nation (MFN) import duties to be £.085 (20 U.S. cents)[1] per pound on unmanufactured tobacco containing 10 percent or more moisture and £.094 (23 U.S. cents) per pound on unmanufactured tobacco. These are wholly specific duties, and do not vary with the value of the tobacco.

The CXT for tobacco is a two-level ad valorem tariff with minimum and maximum duty rates. For tobacco valued at 280 units of account (u.a.) or more per 100 kilograms, the rate is 15 percent with a maximum duty of 70 u.a. per 100 kilograms. This is the BTN 2401(A) or so-called cigar-wrapper tariff. For tobacco valued at less than 280 u.a. per 100 kilograms, the rate is 23 percent with a minimum of 28 u.a. and a maximum of 33 u.a. per 100 kilograms. This is the BTN 2401(B). CXT duties are calculated in the importing member's currency based on its relationship to the unit of account.

During transition, the United Kingdom will aline its declared MFN duties with the CXT in four stages, the differences being eliminated in steps of 40 percent on January 1, 1974, and 20 percent each on January 1, 1975, January 1, 1976, and July 1, 1977. Thus, the United Kingdom will adjust its specific duty of 20 cents per pound down toward the applicable duty within the 14- to 17-cents-per-pound range of the (B) tariff of the CXT on all tobacco valued below $1.41 per pound, the present dollar equivalent of the break-point between the (A) and (B) tariffs. However, for tobacco valued at $1.41 or more per pound, the United Kingdom will apply the 21-cent-per-pound effective minimum of the (A) wrapper tariff and, as the value of the tobacco increases, adjust toward its 35-cent maximum.

The discriminatory threat of the CXT clearly lies in the wrapper tariff. Its potential effect is of critical importance to British cigarette manufacturers. The CXT wrapper tariff could raise the cost of U.S. tobacco to the British manufacturer by as much as 15 cents per pound as the duty rises from the United Kingdom's present 20 cents per pound toward the 35-cent maximum of the wrapper tariff.

This could detract from the price competitiveness of U.S. tobacco by creating a duty differential between U.S. and competing MFN tobacco of as much as 21 cents per pound; the difference between the 14-cent minimum of the (B) tariff and the 35-cent maximum of the (A) wrapper tariff. It

---

All conversions are based on £1=2.16 units of account=US$2.40.

could seriously prejudice the attractiveness of U.S. tobacco vis-a-vis preference tobacco by as much as 35 cents per pound, again the maximum (A) versus zero duty.

These are the extreme duty parameters which could result from CXT adoption. While they may not soon prevail, any cost increase for U.S. tobacco will generate pressure to switch to cheaper tobaccos if British manufacturers are to keep their products competitively priced in the face of greater competition from other EC manufacturers as the U.K. duties on EC products are phased to zero by July 1977.

The price effects of the wrapper tariff could force British manufacturers to change from the types and qualities of flue-cured tobaccos which they have traditionally utilized. The British cigarette is made from all flue-cured tobaccos. It contains a high percentage (40-45 percent) of expensive high quality U.S. flue-cured tobacco, much of which is imported in strip form—leaf from which the main and rib stems have been removed.

Stripping facilitates the packing, processing, and blending of tobacco, but it adds appreciably to its cost. Nevertheless, British manufacturers have found it more economical (due in part to the neutral effect of the wholly specific U.K. tobacco tax) to import tobacco in strips. The wrapper tariff could foreclose this option, particularly with regard to U.S. tobacco, well before the end of transition.

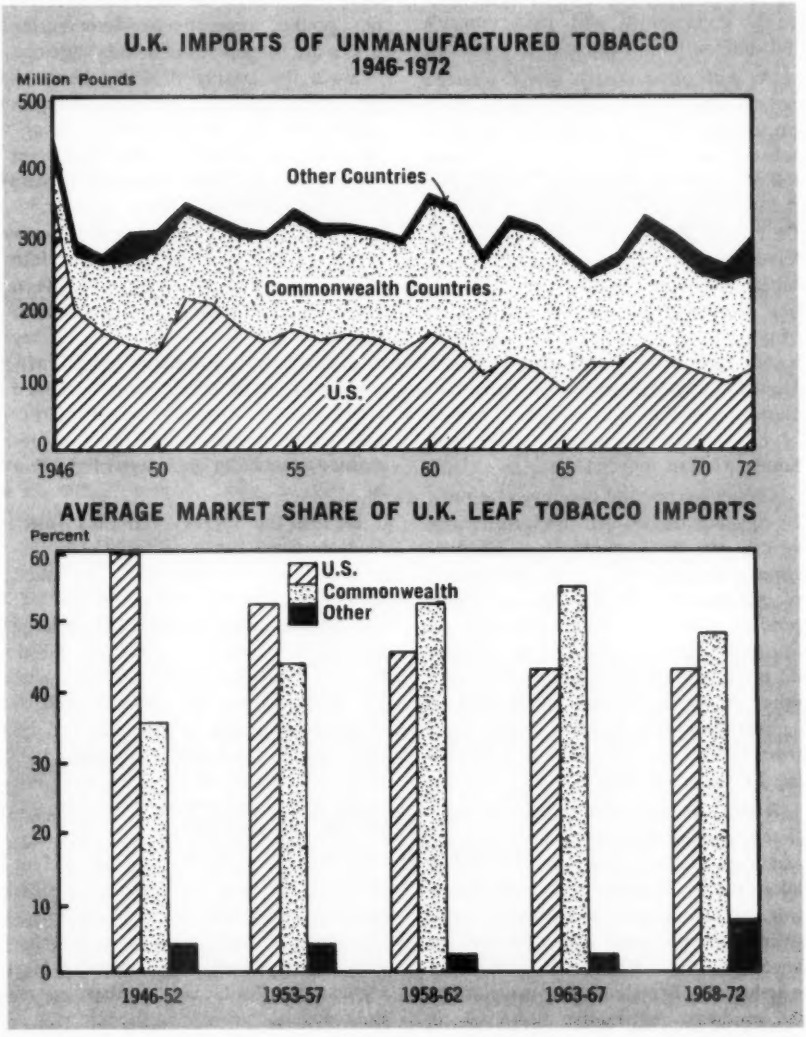
TAX HARMONIZATION. The price effects of the CXT could be worsened by the single most complex, and as yet uncertain, element of EC tobacco policy—the harmonized retail excise tax on cigarettes.

In December 1972, the EC adopted a directive setting forth the first stage for harmonizing the structures of members' retail cigarette excise taxes. The directive requires the EC-6 and Denmark to adjust their tax structures so that by July 1, 1975, the end of the first stage of harmonization, the ad valorem components will make up not less than 25 percent but not more than 95 percent of the total excise tax on cigarettes in the most popular price category. Subsequent stages yet to be determined will harmonize the structures further toward a final ad valorem/specific combination. (Harmonization of structures for other manufactured tobacco products will be the subject of additional regulations.) The purpose of harmonization is to remove any distortive or restrictive effect Members' taxes may be having on intra-EC trade in cigarettes.

The United Kingdom, which presently does not have a retail excise tax on cigarettes, has been exempted from the harmonization regulation until January 1978 at the latest, at which time it must adopt the ad valorem/specific structure then in effect in the rest of the EC. The rationale for U.K. exemption is to allow time for the United Kingdom to transform its present tax on unmanufactured tobacco into an end product tax without seriously affecting collection or revenue yields.

EXTENSION OF DUTY PREFERENCE. U.K. adoption of the CXT and an ad valorem excise tax could thus raise the cost of U.S. tobacco to British manufacturers. U.K. extension of duty preference to Greece, Turkey, and Associated African States could make available considerable quantities of cheaper duty-free tobacco.

Duty preference on tobacco is nothing new to the British. The Commonwealth preference, presently worth about 18 cents per pound, has stimulated production over the years and assured a market for substantial quantities of flue-cured tobacco from former British dependencies. Decline in the U.S. share of the British market since 1945 has been mirrored by an increase in that of the Commonwealth. The case of Rhodesian tobacco clearly illustrates the effect of duty preference, given ample production capacity. Within 20 years following World War II, Rhodesia more than doubled its share of the British market. By 1965 when the United Nations (UN) sanctions were imposed,



Rhodesia had surpassed the United States as the No. 1 U.K. supplier.

The United Kingdom will most likely maintain duty preference for 20 developing Commonwealth countries and reduce the preferential duty on their tobacco from the present 2 cents per pound to zero by February 1975, when these countries presumably will have EC associate status. By the same date, the United Kingdom will extend duty-free preference to those countries which renew their EC associate status. On July 1, 1973, the United Kingdom made the first 20-percent cut in its duty on tobacco from other EC members and the full associates, Greece and Turkey. On July 1, 1977, the United Kingdom will reduce it to zero.

Thus, before the end of transition, countries with combined annual tobacco production in excess of 1 billion pounds could have duty-free access to the U.K. market. An Anglo-Rhodesian settlement could conceivably add the country's 300-million-pound capacity to the total.

As with other aspects of EC tobacco policy, the impact of extended duty preference on U.K. demand for U.S. tobacco is difficult to project. Three major suppliers—Canada, India, and South Africa—are expected to lose their duty preference. Since 1965, they have supplied the British market a combined annual average of over 100 million pounds of flue-cured tobacco. Loss of preference may put their tobaccos on a somewhat more even footing with the United States, although large price discrepancies will remain between the price of U.S. and the prices of Indian and South African tobacco.

Tobacco types and qualities also must be considered. The British cigarette previously has been made from all flue-cured tobacco with a high percentage of quality leaf. The EC and associates produce relatively small quantities of flue-cured tobacco and that which they do produce is of low quality. Then too, other EC manufacturers will be bidding against the British for duty-free tobacco from Commonwealth producers obtaining EC associate status.

It remains to be seen if EC and associate producers will significantly increase and upgrade their production of quality tobacco; or, if price and competition will induce British manufacturers to switch to air-cured tobaccos and/or lower quality flue-cured leaf, and whether the British smoker will accept the products. Affirmative responses to these issues, singly or in combination, could cloud the outlook for U.S. tobacco in the British market.

TOBACCO CAP AND U.K. MARKET. The United Kingdom does not produce raw tobacco commercially, but the tobacco CAP, like extension of duty preference, could make additional quantities of low-priced, low-quality tobacco available to British manufacturers. Whether EC tobacco will become an important ingredient in British cigarettes will depend in part on future levels of CAP support prices and buyers' premiums and the response in EC production to these incentives.

EC support prices appear high enough to do more than just maintain production. Standard prices for 1973 Italian burley and flue-cured varieties, the types which could compete most directly with U.S. cigarette leaf, have been set at about 80 cents and 99 cents per pound, respectively. Intervention prices are 90 percent of standard prices.

Since the quality of EC tobacco is not commensurate with its support prices, the EC has established buyers' premiums or rebates to first buyers of EC tobacco to assure consumption and avoid intervention.

EC production has responded unevenly to the CAP since it went into effect with the 1970 crop. Between 1969 and 1972, total EC production increased less than 4 percent; burley rose 20 percent; flue-cured fell 35 percent; and other types have remained about steady. The percentage of EC production to total EC use has remained practically unchanged from that of 1969.

Despite the buyers' premiums, intervention stocks for some varieties, mainly burley and oriental, have continued to mount. There is little doubt that EC tobacco-producing interests hope a large part of these surpluses will find a home in the United Kingdom and other new EC members and EC tobacco policies to achieve this can be expected. On the other hand, the United Kingdom will have to bear part of the substantial and rising costs necessary to make "cheap" EC tobacco available.

If buyers' premiums per se do not make EC tobacco irresistible to British manufacturers, then market harmonization and the resulting increase in competition from cheaper EC blended cigarettes may force U.K. utilization of EC tobacco.

Ecuadorian Poultry Firms Expand Output With U.S. Stock

By ROSA E. SALAZAR
Office of U.S. Agricultural Attaché
Quito

WITH THE AID OF large imports of chicks and hatching eggs from the United States, Ecuador's commercial poultry industry has boosted production an average of 25 percent a year during the past 4 years.

Current industry trends are toward greater imports of hatching eggs, rather than breeder chicks. Imported hatching eggs are now the main source of breeder stock for domestic chick production. In 1972, imports of U.S. hatching eggs soared to over 300,000 dozen, compared with 1971's 179,000 dozen.

Efficient U.S.-strain chicks, however, are still in demand as multiplier stock to provide both layer and broiler chicks and hatching eggs to poultrymen. Some 80,000 U.S. breeder chicks went to Ecuador during January-June 1973, 18 percent more than the 67,000 exported during the comparable period of 1972. Exports of U.S. baby chicks other than breeder stock to Ecuador reached 58,000 chicks in first-half 1972.

At present, Ecuadorean hatcheries start about 80,000 layers and 500,000 broilers each month. As a result, average annual poultry population rocketed to 2 million birds in 1972, from only 1 million in 1965. Numbers totaled 1.6 million birds in 1971, a substantial gain from the 1.25 million in 1970. Indications are that broiler production will double again within 3 years and layer population will rise 50 percent within that period.

Largely underlying the prosperity of Ecuador's poultry industry has been the high quality of the U.S. day-old chicks and hatching eggs that are purchased by hatcheries to provide improved stock to local poultry raisers.

The U.S. chicks and eggs are highly esteemed by Ecuadorean poultrymen. Laying hens provided to poultrymen by

Continued on page 16

CROPS AND MARKETS

COTTON

Swiss Cotton Imports Up 16 Percent

Switzerland's raw cotton imports were up over 16 percent in 1972-73 (August-July), reaching a near-record total of 228,000 bales (480 lb. net). The United States was the main beneficiary.

Imports from the United States totaled 38,000 bales in 1972-73—an increase of over 110 percent above the level of only 18,000 bales the previous season. This jump made the United States the single largest supplier for the first time in many years, with a 17 percent share of the 1972-73 market. This compares with 9 percent during the previous 2 years.

Turkey dropped behind the United States as the second most important supplier. Cotton imports from Greece and Turkey combined, which in 1971-72 provided 29 percent of the Swiss import market, dropped nearly 30 percent to a share of just over 20 percent in 1972-73. Central and South American shipments to Switzerland over the same period were off over 10 percent, while Middle Eastern and African shipments were down over 4 percent.

The overall increase in cotton imports, resulting mainly from a drive to rebuild stocks, boosted Switzerland's total cotton supply to 345,000 bales. This was about the level maintained during the last 1960's, but an increase of almost 6 percent above the 326,000 bale supply in 1971-72. Stocks, which were reported at around 150,000 bales on July 31, 1973, were 30 percent above the level of a year earlier and were equivalent to a 10-month supply. Estimates of 1973-74 imports, placed at roughly 220,000 bales, will likely push total supply to over 370,000 bales.

Despite the outlook for a sustained level of imports during 1973-74, consumption appears to be leveling off at around 190,000 bales a year and current stocks are above normal. The rationale for the stockbuilding must be in part a result of current erratic market behavior. Nonetheless, the same price and devaluation considerations, which in large measure contributed to increased purchases in 1972-73, should sustain Switzerland's purchases of U.S. cotton during the current marketing year at levels equal to or slightly above those recorded last year.

Morocco Plans Textile Expansion

Although making no details available, the Government of Morocco recently announced plans to build a new 100,000 spindle mill at Oued Zem. This would be double the capacity of the COTEF mill at Fès, the largest currently in operation. In addition, the Government has also announced a new cotton gin is scheduled to be built in the Tadla area, approximately 100 miles south of Rabat. These announcements not only underscore Morocco's determination to continue the expansion that has recently characterized the textile industry, but comes at a time when cotton production is reported to be up to a level second only to the 1965-66 record of 45,000 bales.

Production in 1973-74 has reportedly reached 42,000 bales, over 80 percent of which is extra-long staple grown in the Tadla area. The increase results exclusively from better yields, as total acreage decreased in 1972-73 to about 40,000 acres from 42,000 last season. Better weather was the principal factor although improving cultural practices of the last few years are now paying off.

Production in Morocco is almost exclusively geared to the export market. As a consequence, Morocco imports most of what is used by the local industry. High world prices and slower than expected expansion of the textile industry caused 1972-73 imports to reach only 38,000 bales. This compares with 39,000 bales in 1971-72 and a 1965-70 average of about 32,000. Estimates for 1973-74 place Moroccan imports at nearly 44,000 bales.

The United States has been the main supplier of raw cotton to this market with a traditional share of roughly 65 percent. The vast majority of this cotton is in the 1- to 1⅛-inch staple variety, with a negligible amount occasionally shipped in the under 1-inch staple length. The outlook for continued U.S. sales of shorter staple cottons to this market appears good, as attempts to grow short staple cotton are unlikely to have much immediate impact. This is especially true in view of Morocco's predisposition to concentrate on production of longer staple Egyptian varieties aimed at the export market.

LIVESTOCK AND MEAT PRODUCTS

EC Fixes First Beef Levies Since 1972

In the first week of November, the "import price" for beef, used to calculate the European Community's live-cattle and beef-import levy, reportedly fell below the orientation price. This has resulted in a levy of about 0.6 to 1.2 U.S. cents per pound on fresh and chilled beef carcasses and cuts, the first EC beef levy imposed since January 24, 1972.

The "reference" or average market price for cattle in the EC has declined in recent months and is now about equal to the orientation price. Intervention buying is being undertaken in some areas of the EC for some grades of beef. In January 1973, the reference price exceeded the present orientation price by 11 percent.

The import price used as a basis for calculating the levy is no longer published by the EC. Previous to enlargement, the EC import price was based on live cattle prices in neighboring European countries. Now, it is based on offer prices for imported meat.

Ireland Swinging to Friesian, Charolais Cattle

Ireland's swing to the Friesian and Charolais cattle breeds is reflected in data detailing inseminations during the first half of 1973, recently released by the Irish Department of Agriculture.

Friesian inseminations in January-June 1973 accounted for 70.1 percent of all such operations, compared with 61.2 per-

cent in January-June 1972 and 42.6 percent in the 1971 period.

Hereford inseminations have slipped from 38.4 percent in the first half of 1971 to only 9 percent this year. Charolais inseminations now hold third place at 6.9 percent.

Total inseminations during January-June 1973 were 771,108, compared with 738,608 for the same period in 1972 and 636,992 in 1971. Most Irish cows are bred between April and June.

Philippines Opens Packinghouse

Groundbreaking ceremonies were held in Manila November 3 for what has been called Asia's most modern meat processing plant. The plant, to cost $3.7 million and to be completed in 1976, is being built by Republic Flour Mills under license from Swift and Co. The plant will employ 400 workers and will produce Swift hams, sausages, and canned meats with an annual capacity of 2,700 tons.

In addition to having the largest flour mill in the Philippines Republic has begun a poultry operation and piggery, and now is making a U.S. brand baby food. The company has also announced a cattle contract-growing plan.

FATS, OILS, AND OILSEEDS

Peru Says No Anchovy Fishing Until 1974

A recent report from Peru stated that results of fishing tests, while heartening, indicated that anchovy stocks have not grown sufficiently to merit resumption of commercial fishing before 1974.

The Peruvian Ministry of Fisheries also announced that limited fishing—involving just 21 boats and four fishmeal plants—had begun November 20 from the port of Ilo in southern Peru. The test, using an insignificant portion of the country's total fishing fleet, has been termed a "commercial experiment," and is expected to continue indefinitely.

Five Major Meal Importers Boost 1972-73 Purchases

During the year ending September 30, 1973, net imports of oilseeds and meals into five major importing countries (Japan, West Germany, France, the United Kingdom, and Spain) rose to 14.7 million metric tons (soybean meal equivalent)—7.4 percent above the 1971-72 volume. Aggregate import growth by these five countries amounted to 1 million tons in 1972-73, compared with 800,000 tons in 1971-72 and virtually no growth in 1970-71.

In 1972-73, growth in imports of soybeans and meal into the five selected countries exceeded the increase in net imports of all oilseeds and meals for those same countries and accounted for a large share of the 2.4-million-ton growth in U.S. exports of soybeans and meal during the same period.

1973 World Fats And Oils Estimate Scaled Downward

Estimated world production of fats and oils in 1973 has been revised slightly downward to 42.4 million metric tons, and is now 445,000 tons below the revised 1972 estimate. The 1973-production decline is in sharp contrast to the 1960-72 annual trendline increase of over 1 million tons and last year's 1.25-million-ton boost, as well as the 1971 rise of 2.3 million.

Reduced estimates of 1973 oil production from the 1972 Soviet sunflower and the Indian and Senegalese peanut crops, and 1973-crop output of copra by the Philippines and fish oil by Peru, have more than offset increases in Brazilian soybeans and aggregate higher production of palm and cottonseed oil and animal fats.

Oil production data published by USDA's Foreign Agricultural Service are calculated figures based on average extraction rates from assumed crushings of crops—either in the countries where grown or to which exported. Current year production generally consists of oil from crops harvested the latter part of 1972 in the Northern Hemisphere and the first part of 1973 in the Southern Hemisphere.

CALCULATED WORLD PRODUCTION [1] OF FATS AND OILS
[In millions of metric tons]

Commodity	1972 June estimate	1972 Current estimate	1973 June estimate	1973 Current estimate	Change in current estimate [2]
Sunflower	3.67	3.67	3.44	3.54	−.13
Soybean	6.58	6.62	7.30	7.31	+.68
Peanut	3.41	3.54	2.97	2.89	−.64
Cotton	2.61	2.60	2.80	2.79	+.19
Copra	2.70	2.74	2.50	2.54	−.19
Palm	2.15	2.14	2.43	2.38	+.24
Fish	.88	.94	.75	.75	−.18
Animal fats	12.71	13.02	12.87	12.94	−.07
Other [2]	7.61	7.59	7.38	7.26	−.33
Total	42.34	42.87	42.47	42.43	−.44

[1] Includes vegetable, animal, and marine oils and fats, oil basis.
[2] May not add due to rounding.

TOBACCO

Malaysia Upgrades Its Tobacco Leaf

The Malaysia National Tobacco Board has instituted a new control system on tobacco production and handling in order to increase quantities of quality domestic grade leaf tobacco and to become progressively independent of imported tobacco.

The Board will license both manufacturers and tobacco curers (handlers). A curer must first obtain a quota from the manufacturer before a license is given to cure and handle green leaf tobacco. With receipt of an allotment, the curer then informs his growers to plant the required amount.

Under the new system of controlling the local tobacco industry, both growers and curers will be instructed on improved aspects of cultivation and handling. Malaysia has produced about 6 million pounds of tobacco, mostly flue-cured type, in recent years and has imported from 8 to 12 million pounds annually.

GRAINS, FEEDS, PULSES, AND SEEDS

Australian Team Discusses Korea's Barley Requirements

An Australian Barley Board mission recently arrived in Seoul for a 4-day visit to discuss Korea's immediate and long-range barley requirements with Korean Government officials and business leaders, according to the Korean press.

In 1972, Australia supplied almost 50 percent of Korea's

commercial imports of barley—142,825 tons of feed barley valued at $9.9 million and 5,420 tons of malting barley, a spokesman for the Barley Board said.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 4	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.78	+13	2.94
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.72	+20	2.71
15 percent	(1)	(1)	2.74
U.S. No. 2 Hard Winter:			
12 percent	5.67	+24	2.78
No. 3 Hard Amber Durum	8.61	+31	2.76
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.25	−10	1.81
Argentine Plate corn	3.56	+ 3	2.21
U.S. No. 2 sorghum	3.30	−14	1.91
Argentine-Granifero sorghum	3.28	−12	1.92
U.S. No. 3 Feed barley	2.72	−12	1.68
Soybeans: [3]			
U.S. No. 2 Yellow	6.94	0	4.46
EC import levies:			
Wheat [4]	[5] 0	0	1.13
Corn [6]	[5] 0	0	.89
Sorghum [6]	[5] 0	0	.77

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

FRUIT, NUTS, AND VEGETABLES

Italian Hop Imports Increase

Italy's hop imports rose 10 percent in 1972-73 to 1 million pounds, with West Germany the largest supplier. With higher domestic consumption and declining world prices, Italian imports of hops and hop products are expected to reach record levels in fiscal 1974.

In 1972-73, the United States supplied about 4,000 pounds of hop powder and lupulin, a hops byproduct. However, prospects for increased U.S. shipments in the future seem to be limited by preference for beer made from European hops.

Imports of hop extract during fiscal 1973 were 266,757 pounds, almost all from West Germany.

The trade reports that market prices are trending downward as a result of good hop crops throughout Europe.

Venezuela Reduces Duties On Fruit, Vegetable Imports

As of October 14, 1973, the Government of Venezuela reduced by 90 percent tariffs on a number of agricultural commodities.

The reduced tariffs are effective until December 31, 1973.

A sanitary certificate from the country of origin is still required for all commodities except olives and capers. Fresh apples, pears, and grapes, in addition, require a license from the Ministry of Development. Only the National Government may import black beans and corn.

VENEZUELA: SELECTED TARIFF RATES
[In percentages]

Commodity	Original rate	Reduced rate
Black beans, dried	3	0.3
White beans, dried	3	.3
Red beans, dried	3	.3
Peas, dried	15	1.5
Lentils, dried	15	1.5
Chick peas, dried	15	1.5
Figs, dried	40	4.0
Grapes	10	1.0
Raisins	40	4.0
Almonds	20	2.0
Hazelnuts	30	3.0
Apples, fresh	10	1.0
Pears, fresh	10	1.0
Plums, dried	37	3.7
All other dried fruit [1]	60	6.0
Corn	100	10.0
Olives and capers [2]	80	8.0
Olives and capers [3]	25	2.5
Olives and capers [4]	100	10.0

[1] Excludes prunes, pears, melons, grapes, strawberries, figs, quinces, oranges, coconuts, and bananas. [2] In vinegar or acetic acid with or without salt, spices, sugar, or mustard. [3] Without vinegar or acetic acid in containers of more than 50 kg. [4] Without vinegar or acetic acid in containers of less than 50 kg.

Correstions:

A short article on page 13 of *Foreign Agriculture*, October 15, 1973, incorrectly identified the American Cotton Shippers Association in connection with actions to prevent the Bolivian Government from setting aside contracts for the purchase of that country's 1973 cotton crop. The American Cotton Shippers Association has urged the Bolivian Government to reconsider its decision, but has taken no further action in the matter.

In the article, "Pyrethrum Prospects Brighten in Today's Ecology-Minded World," *Foreign Agriculture*, October 22, 1973, the value of Kenya's pyrethrum extract and flower exports in 1972 should be corrected to US$10.6 million and US$2.2 million, respectively. The Kenya Government's four-tier payment scheme to farmers in conjunction with a bonus, as reported on page 9, has been discontinued.

Other Foreign Agriculture Publications

- U.S. Dry Bean Exports Valued at $51 Million in 1972-73 (FDP-1-73)
- September Trade in Livestock, Meat, and Meat Products (FLM-20-73)
- Higher Cotton Consumption and Textile Exports Reduce Brazil's Exports of Raw Cotton (FC-26-73)
- The Common Agricultural Policy of the European Community (FAS-M-255)
- Food and Agricultural Exhibits Throughout the World (FAS-M-256)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

If you no longer wish to receive this publication, please check here ☐ and return this sheet, or addressed portion of envelope in which publication was mailed.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

FOREIGN AGRICULTURE

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

First Class

FA UNIVE300UB R 1
UNIVERSITY MICROFILMS
JOY REED SUPVR PERIODICALS
300 N ZEEB RD
ANN ARBOR MI 48106

U.S. STOCK HELPS ECUADOR'S POULTRY INDUSTRY TO FLOURISH

Continued from page 12

hatcheries possess maximum egg-laying capabilities. Broiler stock produces offspring capable of rapid growth, efficient feed utilization, and producing highest quality poultry meat. Ecuadorean importers attribute these beneficial qualities in part to USDA's National Poultry Improvement Plan.

The development of the commercial poultry industry in Ecuador is especially noteworthy considering that until 15 years ago poultry-raising was strictly a family enterprise, carried out on small farms or in households, with small flocks of exclusively native birds. In spite of the low quality, prices for poultry meat were generally high. Consequently, consumption of both products was at low levels.

Commercial poultry operations were initiated 10 years ago, when Incubadora Anhalzer and Atallpa Hatchery imported 2,000 U.S. chicks to establish a layer flock. During the ensuing 2 years, the firm bought many thousands of baby chicks, merchandising the majority to small poultry producers. Although not all chicks were high-quality, these imports provided the impetus for Ecuador's commercial industry—first for layers and then for broilers.

Two other hatcheries followed the lead of Incubadora Anhalzer and Atallpa, resulting in a surge in breeder stock imports to 126,000 chicks in 1971—probably the high point in chick imports as trends swing to imports of fertilized hatching eggs. Incubadora Nacional C.A. was the first company to import shell eggs for hatching, beginning in 1965.

As industry production rises, prices for eggs and poultry meat are expected to decline, consistent with a Government policy to provide Ecuadoreans with a cheaper source of protein. Rising consumption, as well as population growth, are expected to benefit the industry. Ecuador has one of the highest rates of population growth in the world—about 3.5 percent annually.

The strengthened poultry industry is becoming the principal source of income for many Ecuadoreans. Industrial competition has already and will continue to contribute to improved management practices.

Growth of the poultry industry will also benefit related industries, especially the prepared animal feeds industry. Expanding output of poultry will require a parallel rise in the production or import of essential feed ingredients.

In the future, major commercial operations will probably be concentrated near population centers—mainly Quito, Guayaquil, and Cuenca—where producers have available adequate electricity, water, feed, and transportation, in addition to larger numbers of consumers to purchase their products.

Baby chicks—frequently imported from the United States—thrive in the controlled conditions of Incubadora Anhalzer and Atallpa Hatchery, Equador.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1973 541-562/22